

MILLCREEK, UTAH
RESOLUTION NO. 20-13

**A RESOLUTION ESTABLISHING AN AUDIT COMMITTEE AND ESTABLISHING
AUDIT COMMITTEE GUIDELINES TO ASSIST IN THE OVERSIGHT OF THE
INTERNAL AND EXTERNAL AUDIT FUNCTIONS OF MILLCREEK**

WHEREAS, the Millcreek Council (“*Council*”) met in regular session on April 27, 2020, to consider, among other things, establishing an audit committee and establishing Audit Committee Guidelines to assist in the oversight of the internal and external audit functions of Millcreek; and

WHEREAS, the office of the State Auditor of the State of Utah has recommended that local governments establish an audit committee to assist in the oversight of the internal and external audit functions; and

WHEREAS, the proposed Audit Committee Guidelines are attached hereto as “Attachment A”; and

WHEREAS, the Council has determined the membership of the audit committee should include two council members appointed by the Mayor, with the advice and consent of the Council for terms of one year with the initial terms expiring June 30, 2021, the Millcreek City Manager, the Millcreek City Attorney, and the Millcreek Finance Director; and

WHEREAS, the Council has determined that it is in the best interest of the residents of Millcreek to establish an audit committee and adopt audit committee guidelines.

NOW, THEREFORE, BE IT RESOLVED that the Council establishes an audit committee and adopts the audit committee guidelines as outlined in attachment A.

BE IT FURTHER RESOLVED that the audit committee be comprised of two council members appointed by the Mayor, with the advice and consent of the Council for terms of one year with the initial term expiring June 30, 2021, the Millcreek City Manager, the Millcreek City Attorney, and the Millcreek Finance Director.

THIS RESOLUTION assigned No. 20-13 shall take effect immediately upon passage and acceptance as provided herein.

PASSED AND APPROVED this 27th day of April, 2020.

MILLCREEK

By: _____
Jeff Silvestrini, Mayor

ATTEST:

Elyse Sullivan, City Recorder

Roll Call Vote:

Silvestrini	Yes	No
Marchant	Yes	No
Jackson	Yes	No
Catten	Yes	No
Uipi	Yes	No



Millcreek Audit Committee Guidelines

Mission

The City Council of Millcreek (“City Council”) has established an audit committee (“Committee”) to provide independent advice, assistance, and recommendations with respect to oversight of the internal and external audit functions of Millcreek.

Composition and Requisite Skills

The Committee is comprised of two members of the City Council and certain identified members of the Millcreek staff. This ensures that investigations regarding the work of management, external auditors, and internal auditors remain confidential until reports are made public to the City Council. The Committee shall include: two members of the City Council, the Millcreek City Manager, the Millcreek City Attorney, and the Millcreek Finance Director.

The Committee members collectively should possess the knowledge in accounting, auditing, and financial reporting needed to understand and evaluate Millcreek’s financial statements, the external audit, and the entity’s internal audit activities. Accordingly, the Committee’s members, collectively, should:

- 1) Possess the requisite knowledge necessary to understand technical and complex financial reporting issues.
- 2) Possess the ability to communicate with auditors, public finance officers and the City Council.
- 3) Possess knowledge about internal controls, financial statement audits and management/operational audits. If Committee members do not have sufficient knowledge regarding internal control or finance affairs, the Committee member must gain this knowledge via a financial expert (either volunteer or paid) advisor. The financial expert advisor must:
 - a. Be independent of management,
 - b. Be present for meetings,
 - c. Not be a member of the Committee, and
 - d. Not vote on Committee actions.

Duties and Responsibilities

The duties and responsibilities of the Committee include the following:

1) External Audit Focus

- a. Provide recommendations regarding the selection of the external auditor
- b. Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.
- c. Review and discuss with the external auditor any risk assessment of the entity's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
- d. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the entity's system of internal controls, and, working directly with the external auditor, assist the governing body in interpreting such documents.
- e. Make a recommendation to the City Council on accepting the annual audit report.
- f. Review every corrective action plan developed by Millcreek management and assist the City Council in the implementation of such plans.

2) Internal Audit Focus

- a. Make recommendations to the City Council body regarding the appointment of the internal auditor or financial expert.
- b. Assist in the oversight of the internal audit function, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.
- c. Review significant recommendations and findings of the internal auditor.
- d. Monitor management's implementation of the internal auditor's recommendations by management.
- e. Participate in the evaluation of the performance of the internal audit function.
- f. Oversee Hotline complaints received and investigated by the internal auditor.

3) Administrative Matters

- a. Hold regularly scheduled meetings.
- b. Review and revise these Committee guidelines, as necessary.

Membership

The membership duties of the Committee include the following:

Attachment A

- 1) Good Faith – Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of Millcreek with such care as a generally prudent person in a similar position would use under similar circumstances.
- 2) Confidentiality – During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to Millcreek to maintain the confidentiality of such information.

Meetings and Notification

The Committee shall meet as needed upon the call of the City Manager or any two Committee members but at a minimum of four (4) times each fiscal year. An agenda of each meeting should be prepared by the Millcreek Finance Director and distributed in advance of the meeting for reasonable review and consideration. Such distribution shall include all supporting documents and other relevant materials.

Meeting minutes shall be prepared by the Millcreek Finance Director. Minutes shall include:

- 1) Agenda,
- 2) Time, date, and place of the meeting,
- 3) Names of members present and absent,
- 4) Substance of all matters proposed, discussed, or decided by the Committee
- 5) Findings requiring further investigation, and
- 6) Items to report to the City Council.

Decision-Making Process

All decisions shall be reached by vote of a simple majority of the total membership of the Committee. The Committee shall not meet unless a quorum is present in person or present electronically. A quorum constitutes a simple majority of the total members of the Committee.

Reporting Requirements

The Committee has the duty and responsibility to report its activities to the City Council as needed, but not less than annually. Periodic written reports of the Committee's activities are an important communication link between the Audit Committee and the City Council on key decisions and responsibilities. The Committee's reporting requirements are to:

- 1) Report on the scope and breadth of committee activities so that the City Council is kept informed of its work.
- 2) Provide minutes or a summary of minutes of meetings which clearly record the actions and recommendations of the Committee.
- 3) Report on their review of Millcreek's draft annual audit report and accompanying management letter and their review of significant findings.
- 4) Report on suspected fraud, waste or abuse, or significant internal control findings and activities of the internal control function.

Attachment A

- 5) Report on indications of material or significant non-compliances with laws or Millcreek policies and regulations.
- 6) Report on any other matters that the committee believes should be disclosed to the City Council.

Guideline Review

The Committee should assess and report to the Council on the adequacy of these guidelines no less than an annual basis or as necessary. Guideline modifications, as recommended by the Committee, should be presented to the Council in writing for their review and approval.